

EDDYVILLE COMMUNITY FIRE AGENCY  
EDDYVILLE, IOWA

INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENT AND REQUIRED  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

June 30, 2004

Peak & Gerdes, LLP  
Certified Public Accountants  
1051 Office Park Road  
West Des Moines, IA 50265

## TABLE OF CONTENTS

	Page
OFFICIALS	3
INDEPENDENT AUDITOR'S REPORT	5-6
FINANCIAL STATEMENT	
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets	8
Notes to Financial Statement	9-10
SUPPLEMENTARY INFORMATION	
Supplementary Detail Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets	12
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING	13-14
SCHEDULE OF FINDINGS	15-16

EDDYVILLE COMMUNITY FIRE AGENCY

OFFICIALS

<u>Name</u>	<u>Title</u> (Before January, 2004)	<u>Term Expires</u>
Warren McGlothlen	Chairman	Dec. 2004
Dale Hessing	Vice-Chairman	Dec. 2004
Duane Brinegar	Board Treasurer	Dec. 2003
Doug Greenlee	Board Member	Dec. 2005
Roger Rodwell	Board Member	Dec. 2005
Angie Sutton	Secretary/Treasurer	Indefinite

(After January, 2004)

Warren McGlothlen	Chairman	Dec. 2004
Dale Hessing	Vice-Chairman	Dec. 2004
David Hargis	Board Treasurer	Dec. 2006
Doug Greenlee	Board Member	Dec. 2005
Roger Rodwell	Board Member	Dec. 2005
Angie Sutton	Secretary/Treasurer	Indefinite

## Eddyville Community Fire Agency

PEAK & GERDES, LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
1051 OFFICE PARK ROAD  
WEST DES MOINES, IOWA 50265  
  
(515) 277-3077

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board  
Eddyville Community Fire Agency  
Eddyville, Iowa

We have audited the accompanying financial statement of the Eddyville Community Fire Agency, Eddyville, Iowa, as of and for the year ended June 30, 2004, as listed in the table of contents of this report. This financial statement is the responsibility of the Eddyville Community Fire Agency's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Eddyville Community Fire Agency prepares its financial statement on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the aforementioned financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Eddyville Community Fire Agency as of June 30, 2004 and the changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

As discussed in Note 6, during the year ended June 30, 2004, the Eddyville Community Fire Agency adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2005 on our consideration of the Eddyville Community Fire Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Eddyville Community Fire Agency has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statement.

Our audit was performed for the purpose of forming an opinion on the financial statement that collectively comprise the Eddyville Community Fire Agency's basic financial statements. The supplementary information on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Peak & Gerdes, LLP  
Certified Public Accountants

June 13, 2005

## Financial Statement

Eddyville Community Fire Agency

Statement of Cash Receipts, Disbursements and  
Changes in Cash Basis Net Assets

As of and for the Year ended June 30, 2004

Operating receipts:	
Use of money and property	\$ 225
Charges for service	50,462
Miscellaneous	<u>4,854</u>
Total operating receipts	<u>55,541</u>
Operating disbursements:	
Public safety	<u>45,010</u>
Total operating disbursements	<u>45,010</u>
Excess of operating receipts over operating disbursements	10,531
Non-operating receipts:	
Interest on investments	<u>4,400</u>
Change in cash basis net assets	14,931
Cash basis net assets beginning of year	<u>231,155</u>
Cash basis net assets end of year	<u><u>\$ 246,086</u></u>
<b>Cash Basis Net Assets</b>	
Unrestricted	\$ 61,343
Designated for vehicle replacement	<u>184,743</u>
Total cash basis net assets	<u><u>\$ 246,086</u></u>

See notes to financial statement.



# Eddyville Community Fire Agency

## Notes to Financial Statement

June 30, 2004

### Note 1. Summary of Significant Accounting Policies

The Eddyville Community Fire Agency (Agency) is a voluntary joint undertaking and was created in 1989 by the City of Eddyville and the surrounding townships pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to provide fire and emergency protection services to the units of government which are members of the Agency.

The governing body of the Agency is composed of five representatives, with one representative from each member Agency. The Agency members are Columbia Township of Wapello County, East Des Moines and Harrison Townships of Mahaska County, Pleasant Township of Monroe County and the City of Eddyville.

#### A. Reporting Entity

For financial reporting purposes, the Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

#### B. Basis of Presentation

The accounts of the Agency are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods on the connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

#### C. Basis of Accounting

The Agency maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Agency is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Agency in accordance with U.S. generally accepted accounting principles.

### Note 2. Cash and Investments

The Agency's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Agency; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

**Note 3. Pension and Retirement Benefits**

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the agency is required to contribute 5.75% of annual payroll. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$134, \$117, and \$120 respectively, equal to the required contributions for each year.

**Note 4. Related Party Transactions**

The Agency had business transactions between the Agency and Agency personnel totaling \$5,568 during the year ended June 30, 2004.

**Note 5. Risk Management**

The Agency is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Agency assumes liability for any deductibles and claims in excess of coverage limitation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 6. Accounting Change**

For the year ended June 30, 2004, the Agency implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

Implementation of these standards had no effect in the beginning balance of the Agency.

**Note 7. Subsequent Event**

In fiscal year 2005, the Agency received a grant from the Federal Emergency Management Agency (FEMA). The total award was approximately \$243,000, with approximately \$219,000 from FEMA, with the balance, or \$24,000 funded by the Agency. It is expected that this grant will be spent in fiscal year 2005 and 2006.

## Supplementary Information

Eddyville Community Fire Agency

Supplementary Detail Statement of Cash Receipts, Disbursements and  
Changes in Cash Basis Net Assets

As of and for the Year ended June 30, 2004

Operating receipts:

Use of money and property -

Rent

\$ 225  
225

Charges for service:

Township fire contract - City of Kirksville

2,164

City of Eddyville

5,850

Columbia Township

7,251

Harrison Township

3,818

Pleasant Township

23,110

East Des Moines Township

3,257

West Des Moines Township

5,012

50,462

Miscellaneous:

Donations

2,312

Refunds, reimbursements, other

2,542

4,854

Total operating receipts

55,541

Operating disbursements:

Public safety -

Radio maintenance and repair

1,022

Training/continuing education

2,297

Expendable items

1,533

Fire extinguisher service

399

Gasoline and parts

2,200

Miscellaneous items/equipment

97

Replace/small equipment

8,452

Vehicle maintenance

3,249

Insurance

10,860

Secretary/Treasurer wages

2,342

Payroll taxes

298

Workman's compensation

785

Office expenses

2,295

Utilities

6,807

Audit/publication

829

Building supplies and maintenance

1,337

E 911

208

Total operating disbursements

45,010

Excess of operating receipts over operating disbursements

10,531

Non-operating receipts:

Interest on investments

4,400

Change in cash basis net assets

14,931

Cash basis net assets beginning of year

231,155

Cash basis net assets end of year

\$ 246,086

Cash Basis Net Assets

Unrestricted

\$ 61,343

Designated for vehicle replacement

184,743

Total cash basis net assets

\$ 246,086

See accompanying independent auditor's report.

PEAK & GERDES, LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
1051 OFFICE PARK ROAD  
WEST DES MOINES, IA 50265

(515) 277-3077

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Members of the Board  
Eddyville Community Fire Agency  
Eddyville, Iowa

We have audited the financial statement of the Eddyville Community Fire Agency, Eddyville, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated June 13, 2005. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Eddyville Community Fire Agency financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Eddyville Community Fire Agency's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Eddyville Community Fire Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been partially resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Eddyville Community Fire Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Eddyville Community Fire Agency and other parties to whom the Eddyville Community Fire Agency may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Eddyville Community Fire Agency during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Peak & Gerdes, LLP  
Certified Public Accountants

June 13, 2005

Eddyville Community Fire Agency

Schedule of Findings

Year Ended June 30, 2004

Part I: Findings Related to the Financial Statement

INSTANCES OF NON-COMPLIANCE

No matters were noted.

REPORTABLE CONDITIONS

No matters were noted.

Part II: Other Findings Related to Statutory Reporting

II-A-04 Official Depositories - A resolution naming official depositories has been approved by the Agency. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2004.

II-B-04 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-04 Travel Expense - No disbursements of Agency money for travel expenses of spouses of Agency officials or employees were noted.

II-D-04 Business Transactions - Business transactions between the Agency and Agency officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction / Description</u>	<u>Amount</u>
Angie Sutton, Secretary/ Treasurer	Contract work	\$ 450
Larry Lobberecht, Fireman	Vehicle maintenance	660
Barry Kelderman, Fireman	Radio maintenance	1,255
Donnie Behymer, Fireman	Contract work	100
Jim Sutton, Owner of JADS Data Systems, Fireman	Computer services	1,365
Gene Rouze, Fireman	Consultant work	1,500
Randy Veldhuizen, Owner of Eddyville Car Wash, Fireman	Services	238

The transactions do not appear to represent a conflict of interest since they were with individuals who were not in a decision making capacity.

Eddyville Community Fire Agency

Schedule of Findings

Year Ended June 30, 2004

- II-E-04     Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

The Agency did not publish some board minutes. The board minutes which were published did not include a description of the claims, the gross amount of the claims, and a summary of all receipts. Some board minutes were not timely published. As a result, the Agency did not meet the publication requirements as required by the Code of Iowa.

Recommendation - The Agency should timely publish all board minutes and related information, as required by the Code of Iowa.

Response - We will implement this recommendation.

Conclusion - Response accepted.

- II-F-04     Receipts - The Agency may not be receiving all funds from townships which are due to them. For example, one township only made one payment to the Agency the entire fiscal year. In another instance, a township did not distribute the spring collections to the agency as of June 30, 2004. There do not appear to be any procedures in place to ensure all monies due to the Agency are actually received by the Agency.

Recommendation - The Agency implement procedures to ensure all funds due from the townships are actually received.

Response - We will analyze the amounts due from the townships much closer to ensure we receive all monies due to us.

Conclusion - Response accepted.

- II-G-04     Disbursements - Invoices were not always obtained prior to the payment of the related claim.

Recommendation - The Agency implement procedures to ensure invoices are obtained for all claims prior to the payment of the claim.

Response - We will implement this recommendation.

Conclusion - Response accepted.